

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case Number: 10-60195-CR-DIMITROULEAS

UNITED STATES OF AMERICA       )  
  )  
v.                                       )  
  )  
STANLEY GLADSTONE,               )  
  )  
                  Defendant.         )  
\_\_\_\_\_  
  )

**FACTUAL RESUME**  
**DEFENDANT STANLEY GLADSTONE**

1. Defendant **STANLEY GLADSTONE** was the founder and President of Candy King of America, Inc. ("Candy King"), a Florida corporation incorporated on November 12, 2002. Candy King's principal place of business was in Broward County at 284 South University Drive, Plantation, FL 33324, from November 2002 until approximately May 2004, and in Broward County, at 7890 Peters Road, Suite G100, Plantation, FL 33324, from approximately May 2004 until approximately July 2006.

2. Candy King engaged in the sale of business opportunities to the public. Some potential purchasers were told that for a minimum investment of approximately \$16,000 they would receive candy vending machines, along with assistance in establishing, maintaining, and operating a vending business. According to Candy King's sales pitch, Candy King could refer purchasers of Candy King's business opportunity to expert locating companies that could place the candy vending machines in profitable, high-traffic locations. Some of the purchasers, known

as “distributors,” could supposedly earn substantial profits when members of the public bought items from the vending machines.

3. Candy King mainly sold two types of candy vending machines, the Candy King Triple bulk vending machine and the Altoids vending machine. The Candy King Triple machine had three candy canisters and could be used to dispense a wide range of bulk candy products. Candy King began offering distributorships featuring the Candy King Triple machines in early 2003 for an introductory price of approximately \$800 per machine, including an initial supply of candy product. Candy King began selling machines that dispensed Altoids chewing gum in approximately September 2004. Distributorships featuring Altoids machines were offered to customers for an introductory price of \$1,600 per machine, including an initial supply of Altoids gum. Some machine prices were negotiated and sold for a lesser amount.

4. In offering Candy King business opportunities for purchase to individuals, Defendant **STANLEY GLADSTONE** and his co-conspirators, from in or around March 2003 through in or around July 2006, intentionally misrepresented the Candy King business opportunity to some potential purchasers by, among other things, overstating the amount of profits that Candy King distributors could expect to make and by falsely stating that distributors could receive quality assistance in placing, operating, and maintaining their machines. Defendant **STANLEY GLADSTONE** and his co-conspirators accomplished their goal of defrauding individuals of money through the following means.

5. Candy King advertised its business opportunity through Internet advertising. Candy King’s advertisements, created and approved by Defendant **STANLEY GLADSTONE**, stated, among other things, the profits that could be earned by purchasing a Candy King

business opportunity. Through Internet links, Candy King's advertisements enabled potential customers to submit contact information to Candy King's sales personnel.

6. Defendant **STANLEY GLADSTONE** and his co-conspirators instructed Candy King sales personnel known as "closers" to make numerous materially false statements to some potential purchasers about the Candy King business opportunity, including that locating companies recommended by Candy King could secure profitable, high-traffic locations for Candy King distributors to place their machines, and that Candy King business opportunities earned substantial profits resulting, on average, in a full return of the initial investment for investors in one year or sooner.

7. Using DHL Express, FedEx and other private and commercial interstate carriers, Candy King sent potential purchasers a professional-looking promotional folder and CD containing Candy King's promotional video, brochure, purchase agreement and related materials created and approved by Defendant **STANLEY GLADSTONE**. The promotional folder contained a prepaid FedEx label for the potential purchaser to deliver to Candy King a signed purchase agreement and payment.

8. After the potential purchaser received Candy King's promotional folder and CD, the Candy King closer made an extended sales pitch to the potential purchaser by telephone. During some of these sales pitches, Candy King closers made numerous materially false statements to potential purchasers about the Candy King business opportunity, including, among other things, expected profits, the services provided to distributors, the number of distributors in a potential purchaser's geographic area, and that Candy King could refer purchasers to locating companies, recommended by Candy King, that could secure high-traffic locations for Candy

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King distributors to place their machines. Some closers further stated that the locating companies would have locations for the purchaser's Candy King machines pre-screened, pre-qualified, and pre-sold, with the owners of each location waiting for the Candy King machines. Defendant **STANLEY GLADSTONE** and his co-conspirators allowed or instructed some Candy King closers to make numerous materially false statements to some potential purchasers about the Candy King business opportunity.

9. Defendant **STANLEY GLADSTONE** and his co-conspirators provided some potential purchasers with the names of some individual references who falsely claimed to have purchased and had success operating Candy King distributorships and who vouched for the support and assistance that Candy King provided. During the time period Candy King was in business, some of these phony references spoke to a number of potential purchasers of a Candy King business opportunity. Among these references was a close relative of Defendant **STANLEY GLADSTONE**. As described below, **GLADSTONE** and his co-conspirators, directly and indirectly, instructed references on what to say to potential purchasers. Among other things, references were told to tell some prospective purchasers, falsely, that Candy King machines emptied on average once per month, or faster; that the machines made over \$100 per month on average; that Candy King machines performed better than other machines; that the references made their money back in one year, or sooner; that Candy King provided excellent customer service; and that the references were so successful that they ordered or planned to order more machines. Not all purchasers spoke with references.

10. Once purchasers agreed to make a purchase, Defendant **STANLEY GLADSTONE** and his co-conspirators instructed the purchasers to fill out a purchase order and

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send it back to Candy King, along with payment for the business opportunity. Payments were typically made by purchasers in one of three ways: by sending the customer's check or credit card information to Candy King via commercial interstate carrier or the United States Postal Service, by sending the customer's credit card information to Candy King via facsimile, or by bank wire to Candy King's bank account.

11. Defendant **STANLEY GLADSTONE** and his co-conspirators allowed customer service representatives to reassure some distributors of Candy King's intentions to help secure viable locations and to make distributors' business opportunities successful. These assurances lulled some distributors into a false sense of security, postponed inquiries and complaints, and made the transaction less suspect.

12. To fraudulently induce some individuals to purchase Candy King business opportunities, Defendant **STANLEY GLADSTONE** and his co-conspirators made, and caused others to make, numerous materially false statements to some potential investors and concealed and omitted to state material facts, including, among others, the following:

**Materially False Statements**

(a) That Candy King machines emptied on average every month, or sooner, when, in truth and in fact, the time frame for a machine to empty was far longer;

(b) That Candy King machines earned an average profit of approximately \$100 or more per month;

(c) That the average distributor earned his or her money back in one year or sooner, when, in truth and in fact, the average time frame was far longer;

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(d) That Candy King would only sell business opportunities to a limited number of people in a geographic area and that Candy King frequently sold out a particular territory in a short time, when, in truth and in fact, the only limitation to the willingness of Candy King to accept a person as a distributor was whether he or she had enough money to pay the purchase price;

(e) That no other distributors resided in or had machines placed in a potential purchaser's geographic area of interest;

(f) That location specialists to which Candy King referred potential purchasers would secure high traffic, high volume, profitable locations for distributors to place their vending machines in the distributor's respective local area, when, in truth and in fact, the location specialists were frequently unsuccessful at providing distributors with locations, much less quality, high traffic locations;

(g) That the location companies recommended by Candy King had already found locations that would be available to the distributor as soon as he or she paid the investment amount to Candy King, when, in truth and in fact, the location companies did not have locations ready for the distributor in advance of being paid;

(h) That a close relative of Defendant **STANLEY GLADSTONE** and another Candy King reference, Ernesto Miranda, were bona-fide Candy King business opportunity owners, when in truth and in fact, they had not purchased a Candy King business opportunity;

(i) That Candy King references, including a close relative of Defendant **STANLEY GLADSTONE**, were successful as Candy King business opportunity owners, and had purchased or intended to purchase additional machines from Candy King, when, in truth and

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in fact, their machines generated substantially less revenue than what they told potential purchasers, and they did not purchase and did not intend to purchase Candy King machines in the future;

**Omissions and Concealment of Material Facts**

(j) That a frequently used reference was a close relative of Defendant **STANLEY GLADSTONE** and was not in the same position as the typical Candy King investor in that he did not pay any money for his machines;

(k) That some Candy King references were paid by Candy King in one period of time on a per deal basis for each completed sale, and later for each reference call they took;

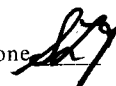
(l) That there were a number of Candy King distributors who were dissatisfied with their earnings and the service and support that Candy King provided;

(m) That Candy King, at various times, had difficulty obtaining Altoids gum for its distributors; and

(n) That the price for future supplies of Candy King candy and gum product was understated in Candy King advertisements, promotional materials and websites, as Candy King failed to state that there would be delivery charges for candy and gum reorders.

13. Defendant **STANLEY GLADSTONE** and his co-conspirators, by their actions, came to a mutual understanding to try to accomplish a common and unlawful plan to defraud consumers using the means described above.

14. Defendant **STANLEY GLADSTONE** knew the unlawful purpose of the plan, and willfully joined in it.



15. Defendant **STANLEY GLADSTONE** knew that the object of the unlawful plan was to carry out a scheme to defraud using the mails and interstate wire communications, as described above.

16. In furtherance of the conspiracy and to achieve the objects and purpose thereof, the Defendant **STANLEY GLADSTONE** did the following:

a. On or about April 16, 2003, Defendant **STANLEY GLADSTONE**, in the Southern District of Florida, had an interstate telephone conversation with F.G. in Oklahoma, a potential purchaser of a Candy King business opportunity and gave F.G. the name and telephone numbers of co-conspirator Ernesto Miranda as a bona-fide Candy King business opportunity owner, and gave F.G. the name and number of co-conspirator Irving Simon, **GLADSTONE's** step-father, as a bona-fide Candy King business opportunity owner, without stating his relation to Simon.

b. On or about October 12, 2004, Defendant **STANLEY GLADSTONE**, in the Southern District of Florida, had an in-person conversation with K.C., a potential purchaser of a Candy King business opportunity, and falsely represented that a locating company recommended by Candy King could place his machines in profitable, high-traffic locations.

c. On or about August 5, 2005, Defendant **STANLEY GLADSTONE** had a telephone conversation from the Southern District of Florida with R.H. in Florida, a potential purchaser of a Candy King business opportunity, and falsely represented that no other Candy King distributors were located in R.H.'s geographic area, and that there would be no difficulty in obtaining bulk Altoids gum in the future.

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d. On or about August 30, 2005, Defendant **STANLEY GLADSTONE**, in the Southern District of Florida, had telephone conversation with D.A. in Florida, a potential purchaser of a Candy King business opportunity, and falsely represented that no other distributor's were located in D.A.'s geographic area, that a locating company recommended by Candy King could place her machines in profitable, high-traffic locations, and that Altoids machines emptied once per month on average.

Date: 1/20/2011

By: Stanley Gladstone  
STANLEY GLADSTONE  
DEFENDANT

Date: 2/1/11

By: James Benjamin  
JAMES BENJAMIN, ESQ.  
ATTORNEY FOR DEFENDANT